

Combating Advertising Decline in Magazines During WWII: Image Ads Promoting Wartime Themes and the War Loan Drives

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Introduction

Consumer rationing was introduced in America almost immediately after the bombing of Pearl Harbor and by the spring of 1943 had been extended to commodities which in 1941 accounted for 20 to 25 percent of consumer expenditures.¹

Automobiles, tires, gasoline, bicycles, fuel oil, stoves, dairy products, sugar, coffee, shoes, and typewriters were among products rationed or affected by the conversion from consumer goods to war products in 1942. With these products rationed and subject to price control, the amount consumers could spend on the product was limited. Accordingly, a larger share of consumer income was available to buy other products which resulted in an ever widening area of shortage of those products. The increase in consumer spending on other products extended rationing to those products. On the supply side, producers and wholesalers had limited need to advertise when consumer demand was great and products were in limited availability.²

The economic trend developing was leading to a decrease in advertising linage in the print media. H.K. McCann, president of McCann-Erickson, one of the world's largest agencies during the second world war stated, "In the case of products which have been restricted, advertising of these products must be curtailed....Doubtless advertising's total volume will shrink during the war."³

The impending advertising trend appeared so threatening to agencies that ad executives mobilized and formed the Advertising Council in 1942 to respond to the shocks prompted by the advent of World War II.4 The Ad Council began a campaign to promote advertising as a way to maintain company image in the minds of consumers during a time of shortage and rationing.

An area neglected by researchers and historians concerns the analysis of advertising during wartime, particularly encompassing national involvement, as in World War II. Despite rationing and wartime conversion by manufacturers, magazines reflected an overall marked increase in national advertising pages in the latter part of 1942 and the increase continued through 1945.

Sentman and Washburn, in their hypothesis, attributed the increase in advertising during World War II to the 1940 excess profits tax and a subsequent Internal Revenue Service ruling in 1942. Their examination of the Pittsburgh Courier found that the number of national ads placed in the paper rose more than 60 percent during the war.5

This paper expands the Sentman and Washburn study by extending their hypothesis on advertising during World War II from the black press and specifically the Pittsburgh Courier to the magazine industry.

This paper argues that despite the economic circumstances of rationing and wartime conversion, which should have created a decrease in advertising, that advertising in magazines actually increased. The IRS rulings in 1942 allowed a business deduction on image advertising that featured a wartime theme. This government allowance combatted the economic effects of the war on goods and services, and created an increase in advertising pages in consumer magazines during World War II.

Discussion of advertising and excess tax rulings during World War II has been the subject of books and studies, but none of these works have attempted to analyze whether the industry actually experienced an increase.6

To accomplish an analysis of the consumer magazine industry, four consumer magazines were examined — Parents, Fortune, Newsweek and Time. Newsweek and Time were selected because of the broad based appeal of these publications. Parents and Fortune were selected to see if differences existed in specifically-targeted consumer magazines. Time and Newsweek were selected because these magazines were weekly. The war loan drive campaigns were organized and promoted over the course of two weeks, not month-long. Examining weekly magazines would more accurately measure the effectiveness of the war loan drives. Availability of all wartime issues of these was also a major consideration in selecting these magazines.

A count was made of total pages, total ad pages, and total IRS deduction ad theme pages. All issues of Parents and Fortune were examined between January 1941 and December 1945. Issues of Time and Newsweek were examined for the same time period, but a random table of numbers were used to select issues since these periodicals were weekly.

Advertising Pages

By Autumn 1941, media organizations and advertising agencies were concerned with national developments. The approach of war seemed especially threatening. Conversion to wartime production would eliminate many consumer durables and with them the need for large advertising budgets; while the government, through defense contracts and tax rulings, might have disallowed advertising as a business expense altogether.⁷

By May of 1942, after six months of war, advertisers were predicting the worst. Rationing and wartime conversion had already begun to eliminate many products from consumer consumption. A shortage of the rationed and converted goods created a buying frenzy of other available goods. To control the public purchasing frenzy, and to prevent prices from rising on scarce goods, the Office of Price Administration (OPA) issued an order to freeze prices. Freezing prices, which would prevent skyrocketing increases on scarce goods, created another complication for agencies during an already crucial situation. Advertising was not needed on rationed goods, converted goods, or scarce goods. One advertiser stated, "There will be an acute scarcity of many items, and it is only natural that the same degree of advertising will not be necessary. Print media will probably take a hell of licking."⁸

War news for the first six months of 1942 was also disastrous. The Japanese forces captured the Dutch East Indies with its oil and rubber resources. They swept into Burma, took Wake Island and Guam, and invaded the Aleutian Islands of Alaska. They pushed American forces out of the Philippines and onto the tiny island of Corregidor, where General Jonathon Wainwright surrendered more than 11,000 United States soldiers to the Japanese. The entire nation, including advertisers, thought that the war would now last longer than first anticipated.⁹

Magazines were also seeing losses in advertising pages for the first nine months of 1942. A comparison of second and third quarters of 1942 with the same quarters of 1941 reveals losses from four percent to thirty-one percent (see Table 1).

**Table 1:
Comparison of Magazine Ad Pages 2nd and 3rd Quarters
1941 and 1942**

Time Newsweek Parents Fortune

Apr.- Sep. 1941	328.09	368.08	258.33	681.90
Apr.- Sep. 1942	302.00	309.91	179.87	658.75
Percent +/-	-8%	-16%	-31%	-4%

August of 1942 offered a glimmer of hope when the War Production Board (WPB) published a pamphlet titled, "Principles for Determination of Cost Under Government Contracts." The ruling discussed the possibility of ads related to the war effort as being an admissible cost and thus deductible under tax codes.¹⁰

The Association of National Advertisers (ANA) took the initiative and met with the Internal Revenue Service (IRS) in an attempt to seek clarification and resolve the issue. The outcome was a victory for advertisers and the media. The commissioner of the IRS stated,

Advertisements featuring the sale of war bonds, conservation, nutrition or other government objectives and are clearly signed by their corporation, the advertisement will be considered as institutional or goodwill advertising of the manufacturer and hence, deductible, provided, of course, that the expenditure is reasonable and not made in an attempt to avoid proper taxation.¹¹

Some advertisers responded before the clarification sought by the Association of National Advertisers for patriotic notions, but they were relatively few. Advertisers were slow in responding. Although pages featuring wartime themes did begin to appear by the end of 1942, magazine ad pages were still down when compared to 1941 ad page count.

Advertisers were still uncertain whether certain types of advertising met the IRS criteria, and if a company would qualify. In late September 1942, the IRS released the Helvering Statement, which answered the question in a six-point declaration:

In determining whether such expenditures were allowable, cognizance will be taken of (1) the size of the business, (2) the amount of prior advertising budgets, (3) the public patronage reasonably to be expected in the future, (4) the increased cost of the elements entering into total advertising expenditures, (5) the introduction of new products and added lines, and (6) buying habits necessitated by war restrictions, by priorities and by the unavailability of many raw materials.¹²

Advertisers and officials of the War Bond Savings Program of the Treasury Department welcomed the

IRS clarification. The failure of volunteer bond buying prompted the Treasury Department to consider implementing compulsory purchase of bonds. Tax revenue could not sufficiently cover the demands of financing the war, so bond sales were necessary to finance the increased demand for war materials. The Treasury Department was reluctant to implement the mandatory purchase program because of the potential hardship upon families, and the army of staffers that would be required to police the system. The Treasury Department realized that the potential solution lay in the promotion of bonds and stamps by advertisers, only if they would take up the cause.¹³

Magazines were well suited for institutional advertising. The clarification offered an avenue to help regain much of the lost advertising. The clarification came just as the Office of Price Administration (OPA) added bicycles, fuel oil, kerosene, stoves, shoes, and coffee to the list of rationed products.¹⁴

Magazine ad salesmen needed to attract institutional ads with a wartime message or theme from companies and manufacturers with no products to sell to change the downward trend. Of particular interest to the Treasury Department were ads offering the sales of War Bonds and Stamps. The Treasury Department needed bond and stamp sales to finance the war, and to help the effort the government agency announced a campaign involving war loan drives where advertisers could make a concerted effort to help promote sales through print advertising.

Money would be raised for the war effort and advertisers would receive a tax deduction for the advertising expense. Furthermore, they would keep their product or service name in front of the public, and show a strong sense of patriotism, even though, in some case such as the automobile industry, no product existed at all.

Virtually every industry was changed by the war. Production in 1941 was 20 percent for war and 80 percent for civilian purposes. By the end of 1942 it had become 55 percent for war and 45 percent for civilians. The projections for 1943 were that production for civilian consumption would decrease even more.¹⁵

Magazine Analysis

The IRS ruling in August had averted a crisis situation for advertising. The First War Loan Drive in November 1942 created an increase in ad pages over the previous year for the same month for Time, Newsweek, and Fortune. The First War Loan Drive was so successful that ad pages exceeded or closely matched the pre-war count even though magazines had seen a decrease for the second and third quarters of 1942 (refer to Table 1). For three of the magazines, the tax ruling and the First War Loan Drive marked the beginning of a recovery for advertising. The war loan drives did not seem to make a significant difference for Parents magazine which featured primarily nutrition and victory garden

themes (see Table 2).

**Table 2:
Monthly Comparison of Magazine Ad Pages (November 1941 -
November 1942)**

	Time	Newsweek	Parents	Fortune
November 1941	61.37	60.75	53.02	126.25
November 1942	62.37	63.67	45.73	143.00

The IRS ruling was so effective that automobile ads returned to magazines even though the entire industry had stopped producing civilian automobiles by February 1942. Most automobile manufacturers resumed advertising in late summer, with Nash, Hudson and Crosley resuming in the autumn of 1942.

By the end of 1942, an analysis of Time, Newsweek, Fortune, and Parents revealed that fifteen to twenty percent of the ads carried in these magazines featured a wartime theme.¹⁶ Magazines, newspapers and ad agencies urged national and local advertisers to promote the war effort. Mandatory sales of stamps and bonds was averted at the end of 1942. However, the Treasury Department was still considering the compulsory purchase of war bonds as an option in 1943.¹⁷

The Second War Loan Drive opened on April 5, 1943 with ad agencies and advertisers mobilized to support the Treasury Department's drive to raise thirteen billion dollars. After three weeks, more than thirty million lines of advertising appeared in daily newspapers supporting the War Loan Drive. Victor F. Callahan, director of advertising, press, and radio for the War Savings Staff of the Treasury stated, "Even before the Second War Loan campaign started, we believed it was destined to be the biggest advertising promotion in history, but we never did imagine coverage as astounding as that shown by the final figures."¹⁸

Magazines were no exception to the trend. Wartime themes in Time and Newsweek increased to over forty percent of all advertising appearing in the publications. Fortune increased from fifteen percent in the First War Loan Drive to twenty percent in the Second War Loan Drive, and ads in Parents began featuring "Buy War Bonds and Stamps," slogans. Theme advertising in Parents represented more than twenty-five percent of total ad pages (see Table 3).

**Table 3:
Theme Advertising in Second War Loan Drive
(April 1943)**

Magazine	Total Pages	Total Ad Pages	Theme Pages	% Theme
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Time	106	47.36	21.10	44.4%
Newsweek	106	65.00	28.75	44.3%
Parents	122	44.71	12.24	27.4%
Fortune	204	119.00	24.00	20.2%

Note: April's theme percentage represented the largest to date for Newsweek, Parents, and Fortune. It represented the second largest to date for Time magazine (see Appendices I - IV.)

A considerable portion of the advertising increase came about because of the advertiser's willingness to adopt image ads that promoted the war loan drive. The American Association of Advertising Agencies (AAAA) and the War Advertising Council (WAC) surveyed advertisers and revealed that war bonds and stamps was overwhelmingly the major theme adopted by advertisers to help the war effort (see Table 4).¹⁹

**Table 4:
Ranking of War Ad Themes Used by Advertisers (January - April 1943)**

War Bonds & Stamps	749
Nutrition	285
Rationing Stamps	200
Tire/car conserve	196
Manpower-Womanpower	195
Victory gardens	188
Fuel conservation	119
Economic stability	78
Household Conservation	60
Farm goals	53
Absenteeism	46
Black markets	34
Scrap salvage	22
Fat salvage	21

While advertisers and magazine executives were analyzing the results of the Second War Loan Drive, the Treasury Department announced the theme for the Third War Loan Drive, "Back the Attack — Buy War Bonds." The Treasury Department stated that the next drive would begin September 2, 1943, and they set a goal to raise fifteen billion dollars.²⁰

Advertisers and magazines backed the effort with wartime theme ads soaring again. The newsweeklies,

Time and Newsweek, featured the “Back the Attack” theme in half of all ads appearing in the publications. Wartime themes represented almost one-third of the ads appearing in Parents and Fortune.²¹

Magazines continued to be an integral part of the Fourth, Fifth, and Sixth War Loan Drive campaigns during 1944. War bonds and stamps continued to be the dominant theme of advertisers by more than two-to-one over the second ranked theme of fat and grease salvage.²²

The Fourth War Loan Drive in February 1944 represented an all-time high in theme advertising for Time, Newsweek, and Fortune. Again, more than half of the advertising in Time and Newsweek featured war themes.

The Fifth War Loan Drive exceeded the success of previous drives. Ted Gamble, national director of the U.S. Treasury War Finance Division, stated,

The overwhelming success of the drive could not have been achieved without the truly amazing support of America’s advertising industry and advertisers. Never before in history has so much of a product been sold in so short a time. This tremendous record represents an amazing contribution to the war financing effort on the part of the newspapers for which the Treasury is sincerely appreciative.²³

The laudatory tone of Treasury Department officials turned to concern when the Sixth War Loan Drive resulted in the first decrease experienced during the war loan drive campaigns (see table 5).

**Table 5:
War Loan Drives and Dates**

Drive	Date
First War Loan Drive	first and second weeks, Nov. 1942
Second War Loan Drive	second and third weeks, Apr. 1943
Third War Loan Drive	first and second weeks, Sep. 1943
Fourth War Loan Drive	first and second weeks, Feb. 1944
Fifth War Loan Drive	second and third weeks, Jul. 1944
Sixth War Loan drive	fourth week of Nov. 1944 and first week of Dec. 1944

The Treasury Department was concerned that complacency had begun to settle in with the American public and advertisers. Recent victories in Europe and the march to Japan appeared to affect the success of the Sixth War Loan Drive, as the American public could sense an end to the conflict.

By mid-December, the Soviet surge had penetrated Eastern Germany and allied aerial bombing occurred around the clock. As the allies continued to win victories in the war in late 1944, the Treasury Department renewed its campaign for daily newspapers to support the continued War Loan Drives. Treasury Director Gamble stated,

Regardless of what happens in Germany, the need for extra bond sales will continue for some time. The public generally feels that we have passed the worst of the war, whereas we are going to have to borrow to meet war expenditures. It is going to be a shock to the people to learn that they are going to have to continue expenses during the twelve months ahead. It is a psychological problem that will have to be combatted by advertising.²⁴

Overall, total ad pages in 1944 matched the levels of 1943. On a month-to-month basis wartime advertising continued strong.²⁵

The Seventh War Loan Drive presented the biggest challenge to the Treasury Department. The May 14 - June 10, 1945 drive represented the largest selling assignment to date in the war.

In an address to the AAAA, advertising agency director Don Bridge outlined the problem:

The quota for advertising for the Seventh War Loan Drive is the biggest selling assignment in history....It is unnecessary to tell a group like this why the Seventh war loan must succeed. No bond sales, no money; no money, no weapons; no weapons, no victory; no victory, no freedom.²⁶

One week before the Seventh War Loan Drive was to begin, Americans were celebrating V-E Day, May 8, 1945, the day after the unconditional surrender of Germany.

The Treasury Department and magazines were preparing for the May 14, 1945 launch of the Seventh War Loan Drive. The emphasis for war advertising came from the theme, "Germany's Defeated, Don't Forget Japan!" Advertisers and Americans weren't forgetting Japan, but they were forgetting about the Seventh War Loan Drive. Three weeks into the war loan drive, Okinawa, a Japanese island fell to American troops. The allies had already overrun Iwo Jima, and bombing attacks of Tokyo were annihilating.

The Seventh War Loan Drive did not catch the pitch of previous war loan drives as advertisers were welcoming G.I's home from Europe, and promoting future consumer goods after the reconversion. After

six war loan drives, and what seemed like eminent victory in Japan, it appeared that the American public was ready to settle back into peacetime. Magazines and advertisers displayed a similar reaction when no analysis appeared of the Seventh War Loan Drive in the trade journal Advertising Age as it had on previous campaigns. Mention of The Seventh War Loan Drive disappeared amidst articles on post-war advertising conversion and the promotion of peacetime products. The war would labor on for two more months until V-J day on August 14, 1945.²⁷

Advertising was gradually declining as victory in Europe approached. After the victory, there was a sudden but brief surge as advertisers took out ads complementing troops on the victory. After V-E day, ads promoting war themes slowly disappeared as manufacturers and retailers were planning reconversion and anticipating a return to plentiful consumer goods.

Ad lineage in 1945 ended strong. The decrease in wartime themes did not affect overall ad pages. Advertisers had planned campaigns for after the war when their companies returned to traditional products.

Conclusions

The IRS ruling and clarification in August 1942 cleared the way for advertisers to benefit from a tax deduction as long as the company did not promote a specific product or service and carried a war theme. Speaking in 1942 before a joint congressional committee, Henry G. Morgenthau, Jr. stated that the Treasury Department planned to “adhere to its policy regarding as permissible deductions for tax purposes advertising expenses which bear a reasonable relationship to the activity in which the enterprise is engaged.”²⁸

Advertising increased in late 1942 and maintained a strong surge throughout 1943 and 1944 with ad themes representing a substantial chunk of the ad pages. Advertiser emphasis on the War Loan Drives created a stabilized position for ad pages.

Bond and stamp sales emerged and remained the dominant theme throughout the war. This theme carried into the specific war loan drives provided a continued reason for advertisers to run ads because of the great needs of the Treasury Department to finance the war.

This study supported the Sentman and Washburn hypothesis that the IRS ruling of 1942 created a boost to advertising. Their findings with the black newspapers, and specifically the Pittsburgh Courier, relate closely to the trends found among the magazines analyzed in this study.

The effect on bond sales by magazines provided a badly needed boost for the Treasury Department. In turn, the ruling by the IRS, an arm of the Treasury Department, saved many jobs in the magazine industry and many publications from potential failure through the ad revenue boost.

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